

Fraud & Forgery

The FBI's Uniform Crime Reporting System does not include fraud, false pretenses, forgery, embezzlement, and confidence games among larceny. Yet in many cases, fraud is a much more serious crime than theft. Victims of check forgery and "con" games stand to lose thousands of dollars. Often added to this loss is the personal humiliation that accompanies being "duped" by a "con man." The confidence game crook, a particularly crafty breed of criminal who has no qualms with deceiving his victims face-to-face, expects (often correctly) that his victim's embarrassment will deter him or her from reporting the crime to the police.

In 2001, 402 incidents of fraud and forgery were reported to the Cambridge Police, ranging from simple check forgery to elaborate confidence swindles. This total is a 5% increase from the 381 incidents reported during 2000.

In general, fraud and forgery increased in 2001, but the area that experienced the most drastic increase was identity theft. Last year there were sixteen incidents, followed by 2001's eighty-three incidents. Reasons for the spike in this crime range from persons not being more conscious of where their belongings are, to the fact that the economy has been recently slipping, forcing some people to steal from others.

There were a total of 28 arrests this year for fraud throughout Cambridge. Of the total number of arrests, 22 were for forgery, including an arrest that was made in February for two forged checks totaling \$8150. The arrested person was apprehended when the Fleet Bank teller on Mass Ave. noticed that there had been four other large withdrawals the same day that the arrested person was trying to cash the two checks.

Counterfeiting

Counterfeiting is one of the more devious types of fraud. True counterfeiters invest thousands of dollars for counterfeiting equipment to produce near copies of genuine dollar bills. The nine incidents reported this year in Cambridge resulted in two arrests. The two incidents were of a female who passed a counterfeit \$100 bill at Sears in the Galleria Mall and a man who was selling counterfeit watches and jewelry bearing famous brand names such as Gucci and Movado. Six of the remaining seven incidents consisted of the passing of counterfeit bills ranging from a \$1 bill to a \$100 bill at various retail locations. The preferred tactic is to buy a low-value item with the forged bill, and receive genuine change, which occurred in many of these incidents. The last incident involved the manufacturing of three false checks that were later cashed in the total amount of almost \$8,900. Counterfeiting is a federal crime and generally falls under the jurisdiction of the U. S. Secret Service, though the Cambridge Police Department often takes the initial report.

Applications

Forgery of applications occurs when a suspect goes into a commercial establishment and applies for a store credit card. After the application is falsely filled out, the suspect charges merchandise on the credit card and then never pays the balance.

Crime	2000	2001
Counterfeiting	4	9
Forgery/Uttering	274	254
Application	8	0
Bad Check	36	17
Forged Check	71	72
Credit/ATM Card	159	165
Con Games	31	22
Big Carroi	4	5
Utility Impostor	3	4
Pigeon Drop	4	1
Charity Impostor	1	1
Psychic Swindle	2	1
Travel Scam	2	0
Odd Jobs	0	1
Cash Shuffle	1	0
Miscellaneous	14	9
Embezzlement	56	17
Identity Theft	16	83

Bad Checks

The writing of checks on insufficient funds or closed accounts is what constitutes this crime. This number is low because most "bounced" checks are not reported as criminal incidents, particularly if it seems to be an innocent mistake. Though some individuals are serial "paper hangers," there were no patterns reported in Cambridge in 2000.

Forged Checks

This is the fraudulent use of a lost or stolen check, with the offender forging the victim's signature. Someone who knows the victim and thus has access to his or her checks—a friend, a family member, a co-worker, or a roommate, often commits this crime.

Other check forgery incidents occur following a burglary, a larceny from a motor vehicle, or a larceny from a person.

Credit/ATM Card Fraud

ATM and credit card fraud were once categorized separately, but with the proliferation of “check cards,” the line between them has become blurred. Credit card fraud has become the most common type of fraud, and it is increasing every year. Since “check cards” can deplete entire accounts within hours without the offender having to know the victim’s PIN, owners of these cards should keep a close watch on them. Typically, the amount of money for which the victim is liable is higher on “check cards” than on credit cards. In most cases, these “check cards” are used at retail locations throughout Cambridge, mainly at the Galleria Shopping Mall. The amount of money withdrawn from the victim’s accounts varies drastically in each case. Over the past year, the largest financial loss was in the amount of \$20,000 where the perpetrator transferred money from the victim’s account to his own account.

“Con” Games

(A description of the con games described below, and others, appears on the following page.)

The most devious breed of fraud offender employs “flim flams” or “con games” which exploit the victim’s good will, gullibility, or greed and bilk them for what often amounts to thousands of dollars. We are warned to beware of offers that are “too good to be true,” but our defenses are many times overcome by the belief that an offer is “too good to pass up.”

Incidents of the “**Big Carrot**” scam picked up a little this year. A typical scam involves a group of swindlers, pretending to be employees of various Galleria stores, take cash from victims in exchange for laptop computers that they never deliver. One variation of the “big carrot” was reported in April when a man gave the suspect \$2100 in exchange for three laptops. The suspect took the cash and fled into Sears at the Galleria and never returned. Another incident occurred when the victim was emailed and told to send \$2300 for a plasma screen TV. The victim sent the money and received nothing in exchange for it. Unfortunately, there were no arrests of any persons involved in these scams.

Three of the four “**Utility Impostor**” scams followed a trend in coordination with last year’s events, where men showed up to victim’s homes pretending to be employees from the water department. In two cases, the men were allowed into the residence and \$80 was found missing in one incident, while nothing was found missing in the other instance. The men did not gain entrance in the remaining incident since the

impostor was asked for identification and unable to produce it. The last incident involved a man posing to be a window contractor who gained access to three second floor rooms and removed various items, valued at an unknown amount.

One **pigeon drop** was reported this year. Two female suspects targeted another middle-aged woman in Inman Square, approaching her with a found wallet full of money. The suspects were able to convince the woman to withdraw \$7500 from her ATM account in order to make a ‘good investment’ with the found money. The female suspects fled with the victim’s cash.

Embezzlement

Embezzlement occurs when the employee of a company takes advantage of his position for his own financial gain, diverting company funds to him. The means by which the offender accomplishes the embezzlement varies, from store clerks crediting false returns to their personal accounts, to shady employees not depositing money in the bank or making off with merchandise, to company accountants forging corporate records. Most of the incidents involve amounts between \$400 to \$6000 dollars.

Incidents of embezzlement reduced by a shocking 70% in 2001. There is a growing incidence of “blue collar embezzlement” in which store clerks—often juveniles—leave work with the day’s deposits or a selection of merchandise. An incident occurred in July where a CVS employee was supposed to make the day’s deposits totaling over \$40,000 in cash and checks and failed to deposit them. Another fairly common scenario, the clerk will allow a friend to buy merchandise at greatly reduced cost, or allows a family member to smuggle expensive items out of the store. Galleria and Harvard Square stores are affected most. Four arrests were made this past year, including one arrest of a female payroll clerk who deposited over \$11,000 in an inactive employee’s bank account.

Identity Theft

This serious type of fraud has become a national concern, particularly with the proliferation of personal information on the Internet. The Cambridge Police Department received eighty-three reports of this crime in 2001, which is an alarming increase of 81%. Since this crime crosses state and national boundaries, it would be unusual for a municipal police department to be able to follow the paper trail to its source.

This type of crime is one of the fastest growing crimes, especially on the Internet. According to Internet Fraud Watch, online auctions are the most

popular means of using someone else's identity to purchase merchandise with personal information other than their own. Criminals are able to log on to the Internet and use your identity to create damage that can range from minor (you have to cancel some credit cards) to moderate (your credit report is ruined and you spend months straightening out your finances) too extremely serious in other situations (you get pulled over for speeding and suddenly find yourself in jail on a warrant for dealing cocaine in Miami). In 1998, the Federal Trade Commission was tasked with the responsibility for collecting information and investigating cases of identity theft. The FTC estimates that 40,000 people have their identities swiped each year.

How does someone steal your identity? Usually, all it takes is your name, date of birth, and social security number, which an identity thief can glom from multiple sources: your driver's license; your loan,

credit card, or mortgage applications; information you give over the Internet; even your garbage. Armed with this information, the thief assumes your identity and applies for credit cards, loans, and mortgages; orders products you can't pay for; steals from your checking or savings account; obtains professional licenses, driver's licenses, and birth certificates in your name; submits fake medical bills to private insurers; and otherwise makes a mess of your life and finances. If he is an all-around criminal, he may use your identification in his criminal enterprises. Eventually, a warrant may be issued with your name on it.

In any event, the Federal Trade Commission is now authorized to help you out. If you would like more information, or if you are a victim of identity theft, you can call the local FTC office at 617-424-5960 or visit their location at 101 Merrimac Street, Suite 810, Boston, MA 02114-4719.

The Con-cise Con-cyclopedia

Big Carrot

An elaborate scam in which the con man contacts his victim at the victim's place of business, and claims to have a brother or friend who works at a retail store and can offer the victim a laptop computer or other expensive item at a great price. The victim meets the swindler at the retail store and hands over thousands in cash in exchange for a phony store receipt. The victim is then told to wait or go to the receiving area to pick up the merchandise. The swindler disappears and is never seen by the victim again. A group operating out of Somerville or Everett has pulled this scam all over New England. Multiple arrests have not ended the scheme.

Cash Shuffle

A fast-talking swindler enters a retail store and looks for a young or inexperienced cashier. The con man asks for change for, say, a \$20 bill. By distracting the victim with a constant stream of chatter, "changing his mind" about the denominations he wants, handing bills back and forth, confusing the cashier about whose money is whose, and so on, the con artist manages to walk out of the store with two to five times the amount he entered with—leaving the slightly dumbfounded cashier thinking he has only "made change."

Charity Impostor

An unsophisticated type of scam, the charity impostor simply involves someone posing as a charity

worker, collecting cash, which then simply goes into the con man's pocket. The charity impostor may conduct his business door-to-door, or he may stand in the street. We had only had two reports for this scam in 1999, probably because many of the victims never learned they had been tricked.

Odd Jobs

A man shows up at your house. He is poor. He has six kids to feed. He'll weed your garden, paint your house, or trim your tree. You give him cash or a check to clean your yard. He leaves, having cleaned nothing but your wallet. For years, most of these scams have been pulled by the same Cambridge resident. Few of his well-meaning victims—having only lost \$20-\$60—report the crimes.

Pigeon Drop

A pair of swift-talking con men or women pretend to have found a wallet with cash in it. They stop passerby and claim ignorance about what to do with the money. They offer to share it with the victim. What happens next is usually confusing, but the con artists manage to get the victim to give them "good faith" money, or collateral, for her (the victim is almost always female) share, then they leave the victim with worthless paper or nothing at all. These schemes tend to be very convoluted and defy easy explanation. There was one incident in 2001 and followed the same pattern with similar suspect descriptions. Amounts ranging from three hundred to fourteen thousand dollars were handed over.

Psychic Swindle

A troubled victim visits a psychic, who tells the victim that the source of his or her trouble is “tainted money.” The victim is told to bring the money—usually several thousand dollars—to the psychic, who will perform a “cleansing ritual” on it to remove the taint. Curiously, the subsequent “cleansing ritual” seems to involve the psychic spending the money on nice things for herself. In any event, the ritual goes on indefinitely and the money is never returned to the victim. No reports for this crime have been taken since early 1998; perhaps the psychics have reformed their ways, but after consulting the cards, we believe we have a better explanation: that embarrassed victims simply are not coming forward.

Travel Scam

Various travel & tourism related swindles, including overpricing and non-delivery of airline tickets. Ten reports taken in 1998 all identified one of two agencies in East Cambridge and Area 4. Multiple charges brought against these agencies have ended the problem and there have been no 1999 incidents reported.

Utility Impostor

This is an ongoing scam in Cambridge of which five were reported in 2001. Traditionally two or three middle-aged men show up at the house of an elderly resident, claiming to work for a utility company. They trick their way into the house and one distracts the victim while the others prowl the house looking for valuables.